GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:847
ANSWERED ON:24.07.2015
NRI investment in Chit Funds
Kambhampati Dr. Hari Babu;Vanaroja Smt. R.

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has allowed to permit non-resident Indians (NRIs) to invest/subscribe to the chit funds without limit on a non-repatriation basis;
(b) if so, the details thereof;
(c) whether the RBI has mandated that the subscription to chit funds should come through the normal banking channel including through an account maintained with a bank in India; and
(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) to (d): Yes Sir. It has been decided to permit Non-Resident Indians (NRIs) to subscribe to the chit funds, without limit, on non-repatriation basis subject to the following conditions:

(i) The Registrar of Chits or an officer authorised by the State Government in accordance with the provisions of the Chit Fund Act in consultation with the State Government concerned, may permit any chit fund to accept subscription from Non-Resident Indians on non-repatriation basis;
(ii) The subscription to the chit funds shall be brought in through normal banking channel, including through an account maintained with a bank in India.

Reserve Bank has amended the Regulations through the Foreign Exchange Management (Permissible Capital Account Transactions) (Second Amendment) Regulations, 2015 and Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Second Amendment) Regulations, 2015 which have been notified through Notification No. FEMA.337/2015-RB dated March 2, 2015, vide G.S.R. No. 283(E) dated April 13, 2015 and Notification No. FEMA.338/2015-RB dated March 2, 2015, vide G.S.R. No. 284 (E) dated April 13, 2015, respectively. Reserve Bank has also issued A. P. (DIR Series) Circular No.107 dated June 11, 2015 to this effect.